

# ***THE SDC-LEAGUE PENSION FUND***

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## **Notice of Seriously Endangered Status For SDC-League Pension Fund**

This is to inform you that on November 29, 2010, the Plan's actuary certified to the U.S. Department of the Treasury, and also to the Trustees, that the plan is in "Seriously Endangered Status" for the Plan Year beginning September 1, 2010. Federal law requires that you receive this Notice.

### **Seriously Endangered Status**

The Plan is considered to be in Seriously Endangered Status because the Plan's actuary determined that the Plan is less than 80% funded, and the Plan is projected to have a funding deficiency within 7 years. The Plan's Funded Percentage for certification purposes is 74.4%. The Plan is projected to have a funding deficiency for the Plan Year beginning September 1, 2014. The actuary's analysis shows that the Plan is not and will not be in "Critical Status" for the Plan Year beginning September 1, 2010.

### **Funding Improvement Plan and Possibility of Reduction in Benefits**

Federal law requires pension plans in Seriously Endangered Status to adopt a Funding Improvement Plan aimed at restoring the financial health of the Plan. This is the first year that the Plan has been in Seriously Endangered Status because the Trustees made an election under Section 204 of the Worker, Retiree, and Employer Recovery Act of 2008 to treat the Fund as being neither in Endangered or Critical Status for the 2009 Plan Year. Absent such election, the Plan would have been in Seriously Endangered Status for the 2009 Plan Year. Due to the Plan's Seriously Endangered Status, the Trustees must adopt a Funding Improvement Plan no later than July 27, 2011. The strategy adopted by the Trustees at their last Board meeting did not contemplate that any further benefit cuts would be necessary at this time. However, the law permits pension plans to reduce, or even eliminate, benefits called "non-protected benefits" as part of a Funding Improvement Plan. If the Trustees of the Plan determine that benefit reductions are necessary, you will receive a separate notice in the future identifying and explaining the effect of those reductions. Any Plan amendment reducing non-protected benefits will not reduce the level of a participant's benefits accrued before the date of the amendment.

### **Non-Protected Benefits**

While no further reductions in benefits are contemplated at this time, the Plan has the following non-protected benefits that may be reduced or eliminated as part of any Funding Improvement Plan the Trustees may adopt:

- Future Accrual Rates
- Disability Pensions for participants who are not yet disabled
- Pre and Post-Retirement Lump-Sum Death Benefits

### **Where to Get More Information**

For more information about this, you may contact John Everson at 212-869-8129. You have a right to receive a copy of the Funding Improvement Plan when one is adopted by the Trustees.